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**EXPERIENCE OF AGRARIAN REFORMS
IMPLEMENTATION IN HUNGARY
IN THE PERIOD OF 1960-1980's**

Abstract: The authors generalize the experience of the development of agrarian relations in Hungary in the period of the 1960-1980's. The peculiarities of functioning of the so-called "Hungarian model" of socialist agrarian management, its efficiency, positive and negative aspects have been characterized. The processes of transformation and privatization, which took place in the Hungarian villages, have been presented.

Keywords: agriculture, development model, agricultural production, reforms.

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Introduction

Political events that occurred in Central and South-Eastern Europe in the period of 1960-80's have generated and formed new approaches to the management structure and forms of ownership in the agricultural sector, have laid opportunity to the growth of food production on the basis of market relations. Backgrounds formed in the economies and politics of these countries have had a significant impact on their further development.

The change of policy in Central and South Eastern Europe, in countries of the so-called socialist camp, held at the end of 1980, naturally caused a significant transformation in the economic relations. State-controlled planned economy, which was dominant so far in most of the countries, finally gave way to a system of socially oriented market economy.

The conditions of the Hungarian agrarian sector in years 1960-1980 became the subject of the study of the following scientists: A. Almashi, D. Varha, V. Korovkin, D. Markov, Ju. Monych, G. Shmeljov, etc.

Results

The aim of the study is to summarize the experience of the development of the agrarian relations in Hungary in the 1960-1980's; the description of the functioning of the so-called "Hungarian socialist model of agriculture" and its impact, positive and negative aspects.

Among the countries of Central and Southeast Europe, agricultural management experience in Hungary deserves special attention. Indeed, in the mid 1980-s Hungary took one of the first places in Europe and the world in the production of major agricultural products like grain (1400 kg) and meat (about 160 kg) per head of the population and in terms of exports of poultry Hungary was in the top five countries. The most significant results in increasing agricultural production were achieved in the 1970-1985, when Hungarian state households and cooperatives reached increasing productivity (in kg/ha) of wheat from 21.3 to 48.2, corn from 33.8 to 62.8. During the same period Hungary in meeting a high level of domestic needs in food, sold around 30-33% of agricultural raw materials and finished food products (including about 10-15% of the grown grain, 20% of pork, 45% of beef, 55% of canned vegetables and fruit, 65% of dead poultry, etc.) (Markov 1987, p. 22).

The figures mentioned above are typical for the last 15 years of the period under study. Though, this success was not accidental, they were preceded by the significant improvements in the economic relations of the peasantry and the state, balanced policy of public authorities on the issue of mass collectivization in the Hungarian countryside. Collectivization has been carried out by establishing cooperatives. This action had a number of significant features.

First of all, the peculiarity of collectivization (1957-1959) in UNR was that the plots of land which made the general fund of cooperatives remained in the legal ownership of the peasants. In addition, farmers were interested in collectivization also because of the income derived from economic activities of cooperatives distributed among the peasants proportionally to the size of listed sites. The second peculiarity was the fact that at the national level there was conducted a balanced policy of support and development of the small individual farms. In the situation of limited possibility of increased investment in the agricultural sector from the side of the state and cooperative farms, personal cooperative farms of peasants occupied 11-12% of all agricultural land, and at the close of collectivization in the agricultural sector of the country (1961) these farms accounted for 25% of crop and 60% of livestock (Korovkin 1988, p. 13). It should be added that Hungary was the only country of the socialist camp, where there were no layoffs during the collectivization of agriculture.

Among the positive measures of restructuring and intensification of agriculture, which were initiated by the Hungarian Socialist Workers'

Party for the third five-year period (1966-1970), there should be mentioned a step to strengthen the economic and financial situation of agricultural enterprises. The State wrote off about half the debt on loans from agricultural cooperatives, delayed repayment of other debts, conducted the revaluation of fixed assets, and prices for agricultural products were increased by 21% (Fazekas 1976, p. 210). All these activities contributed to the growth of the economy of the sector, intensified the action of the previously adopted legislation on the functioning of agricultural enterprises.

In Hungary in the middle of 1960's there was introduced a multi-channel delivery system of agricultural production from different producers. In 1964 plans of mandatory disposal of agricultural production by cooperatives to the state were cancelled. Incidentally, the last state plan to sell grain grown by public sector was cancelled in 1970. Agricultural enterprises having been given full autonomy to dispose their products became equal partners with procurement organizations and enterprises of manufacturing industry by selling products at contracts (without the intervention of economic authorities which further on only regulated the industry development via economic levers - the system of subsidies and taxes). Consequently, by that time Hungarian agrarian sector in the question of implementation of certain elements of the market economy was to some extent ahead in its development than other sectors of the economy.

A new law "On further development of land ownership and land use in agricultural cooperatives" adopted in 1967 by the National Assembly of UNR became an important milestone in the development of the agricultural sector; the law recognized that the cooperative ownership, along with the state form of ownership, is a major socialist form of property of that time. According to the articles of the adopted law there were determined the ways of redemption and gradual transition of that part of the land that legally belonged to members of agricultural production cooperatives to cooperative ownership.

Implementation of this law has made substantial changes in land ownership and land use in Hungary. In 1968 (the year of the introduction of national economic reform) within the structure of agricultural land cooperatives the proportion of public lands (given by the state to cooperatives to use) amounted to 28%, ownership of the members of cooperatives - 49%, heirs of former members of cooperatives - 6%, the property of the cooperative, who left the collective management - 17%.

The 1967 act (4th law) was directed at the creation of a unity of land ownership and land use mainly in the sector of cooperative enterprises. Cooperatives bought land from the owners, including the state, and in 1974 according to the forms of ownership the share of the state in the cooperative lands was only 4%, members of cooperatives - 52% and co-

operative ownership (the new ownership, which was at that time absent in other countries of Central and South-eastern Europe) - 44% (Shmelev 1980, p.41).

Typically, the structure of land users was constantly changing, because the process of redemption of land from the cooperative peasantry continued, and in the early 1990s the proportion of state ownership was 3%, members of cooperatives and their heirs - 36% and cooperative ownership - 61% in the lands of cooperatives. The existence of such a form of cooperative ownership in Hungary (that is farmers who gave their land to a collective entity, were compensated for alienation of their land) exclude the possibility of land reform based on land re-privatization by the former owners.

Among the positive effects of reforms in the agricultural sector and the formation of agrarian relations in Hungary should be noted the development in the 1970's, the vertical integration within the food sector, increased attention to the areas of processing, storage, transportation and sale of agricultural products. A highly effective form of complex industrialization of agriculture, mainly industrial and manufacturing systems, was widely implemented; inter-farm cooperation acquired increasing importance.

In Hungarian agriculture, new forms of relationships among enterprises of the agricultural sector appeared in the sphere of poultry and certain sectors of crop in the late 1960's. State household "Babolna" created the first system in poultry production; and a system of industrial production of corn (IKR) was subsequently created in 1972. These systems were organized on the basis of state households "Baia" and "Szekszárd" through the use of advanced achievements of world experience and they convincingly demonstrated the advantages of industrial manufacturing systems. 18 production systems operated in Hungarian agriculture in 1974, and in 1980 there were 75 of them. Widespread technological innovations in production systems yielded positive results. Thus, the gross yield of grain in the 1966-1970 was on the average 8.2 million tons and in 1975 - 12.2 million tons (1160 kg per capita) (Németi 1981, p. 109).

Further development of the rural economy was characterized by the fact that along with the building up of complex industrialization of the sector, there appeared an activity expanded by production systems which embarked on the use and improvement of "traditional" methods of agricultural production and support for the successful functioning of private farms of peasants, workers and employees. In the 1970's the work of authorities and management structures of the agricultural sector received further development; the latter was aimed at the integration of private households with large farms in the question of agricultural production.

The so-called Hungarian model of "socialist" agriculture based on production outgrows in large farms and integrated by small enterprises, undoubtedly had its advantages. Even later, during the Fifth Five-Year Plan (1976-1980) there were adopted a series of laws and measures aimed at increasing the production of private farms, primarily by improving their material interest, advancement of equipment, chemicals, fodder, young stock for fattening, seeds, etc., as well as deepening and improving interactions and relationships among cooperatives, state households and trading companies with private land owners.

It became possible to mobilize and efficiently utilize productive reserves of subsidiary and private households of citizens with relatively small capital expenditures. Production has increased significantly. Thus, the gross output value of private households increased (in comparable prices) from HUF51.4 billion in 1970 to HUF62.6 billion in 1980, or more than in 20%. During this period, the average annual growth of gross agricultural production in the whole country amounted to more than 3% (including 3.5% in 1971-1975 and about 3% in 1976-1980), gross grain yield increased during ten years in more than 75% - from 7.5 to 13.2 million tons, meat production increased in 50% - from 1.36 to 2.05 million tons (Sipos 1987, p. 56). The experience of large agricultural enterprises integrating with private land owners under the point of production capacity might be interesting for the formation and subsequent operation of the agro-industrial complex of Ukraine.

Analyzing the development of agrarian relations in Hungary which emerged in the study period, there should be noted a number of positive points. The revival of agricultural production is closely connected with the major investments in the development of this industry from the very beginning of collectivization. Around 4/5 of all investments in the country were directed into the agricultural sector in 1960's and the volume of investment until the early 1980's only grew.

Substantial improvement of living standards of the peasantry, improvement and social development of the village became very important factors in the development of Hungarian agriculture in 1960-1980. All this contributed to the consolidation of skilled personnel in rural areas, rising of the cultural level, enhancing production levels and their dynamic growth.

What concerns positive experience of agricultural management of the neighbouring Hungary, special attention should be paid to the industrial and manufacturing systems; this is mainly because a new form of inter-economic relations made it possible to apply the latest advanced technologies of growing, harvesting and sale of agricultural products, livestock production ensuring the increase of economic efficiency of the agricultural sector.

Thus, 7 production systems operated in the poultry industry in 1985-1987; three of which coordinated broiler and egg production. What concerns broiler in Hungary, there operated two large systems HUANIAHI-BRYD, which organized cooperative "15 Beriznya" in Hernad and inter-farm association, created by agricultural integrated company "Babolna". Selling of poultry by farms - members of these two systems, which combined 48 and 77 farms respectively, reached 113 thousand tons in 1987 or 61.7% of all poultry produced by cooperatives and state households of the country.

Production systems in dairy cattle that were created in 1970's were crucial in the implementation of the program of Holstein herds of dairy cows, which was adopted in 1972. The productiveness of the local red and white rock (which accounted for 95% of the herd) on average did not exceed 2,500 kg per year. Import of 40 thousand heifers of intensive dairy cattle from the United States and Canada and further crossbreeding of local breeds with Holstein-frieze contributed to a sharp (this is unique in the world practice) improving of the productivity of dairy herd. Milk yield per cow, which in 1975 was 2,483 kg on average in the country till 1980 increased up to 3,704 kg, and in the following years to more than 5,000 kg (Mezőgazdasági 1993, p. 84).

In 1986-1987 in Transcarpathia there were formed horticultural research and production system and grain research and production system, which were based on the Hungarian experience of the industrial and manufacturing systems. Transcarpathian state agricultural experimental station (later the scientific research institute of agricultural production) was approved as the organizer and the main manager of the system.

The main objective of the new integrated formation, that is the scientific and horticultural production system, was the most efficient use of gardens, farms that entered the system. Five lowland areas of the Transcarpathian region (the area of gardens of 1.3 thousand hectares), mainly Muzhievo farm-factory of Berehove district, three farms of Irshava district and Korolevo farm-factory of Vynohradiv district became the members of this system at the founding meeting. The whole garden area system occupied 2.4 thousand hectares.

As a result of exploration of the developed intensive technology of fruit growing via providing the means of chemical and biological protection, fruit crop in 1986-1988 increased in the farm system in 18-23%. The volume of fruit growing in farms on the occupied 15% of the garden area in 1988 amounted to 13.9 thousand tons or 30% of the total production from collective and state farms of the region (Holaj 1986, p. 176).

The tasks that were set before grain scientific production system were: to significantly increase the level of grain production in the region through the introduction of a number of collective and state farms of in-

tensive advanced technology. 24 farms of four low-lying areas, mainly Uzhorod, Mukachevo, Berehovo, Vynohradiv and 6 foothill farms of Irshava district (the area of 11.6 thousand hectares or 27.8% of the area occupied by winter grain crops of the region) became the members of the system.

Significant organizational and coordination work of professionals, scientists of the system, provided a yield of winter crops in 1987 in the average for the system of 50.4 centners / ha, in 1988, 53.0 centners / ha, that is respectively in 31.6% and 38.4% more than in the base period. Unfortunately, now, as the result of post-Soviet reform of the agricultural sector, all the results of the period under study in the Transcarpathian region were lost.

Thus, the introduction of scientific and technological progress in the agricultural sector in Hungary through new organizational forms of production (research and production) system appeared to be a justified way of improvement of economic efficiency of agriculture.

Conclusion

The study of the evolution of agrarian relations that turned out in 1960-1980's in the countries of socialist orientation of Central and South-Eastern Europe (including Hungary), generalization of positive experience, and analysis of the negative effects led us to the following conclusions:

- village without strong support from the state fails to rise to the levels put forward before it by the society, because the increase in capital investment in agriculture is largely passed by the state. During 1960-1985 the annual public investment in agriculture in Hungary increased by 5.2 times (Sostojanie i problem 1989, p. 141);
- development of agriculture in Hungary was constantly regulated by the state through economic levers - the system of subsidizing the production of basic food, reasonable taxation, the cancellation of the debt of certain agricultural credit, rescheduling of debt, revaluation of assets, reasonable prices increase of agricultural products;
- the so-called Hungarian model of "socialist" agriculture, based on manufacturing products in large farms and small enterprises integrated into those farms, which helped to significantly increase the production, may be noteworthy for implementation on the current farms and enterprises of different ownership;
- the revival of the village was only possible with radical restructuring in all the spheres of public life, issues of ownership, possession and use of land.

It is worth saying that application of positive historical experience in solving agrarian and peasant problems in the countries of the former "so-

cialist camp", in particular Hungary, is valuable and important for the development of agriculture. Such historical lessons are valuable for Ukraine's Transcarpathia region as well.

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